[redacted]
INVESTIGATIONS DIVISION
CONFIDENTIAL INVESTIGATIVE REPORT

[] Initial Report [X] Supplemental Report #3

Case Name: Fraud, Embezzlement, Filing False Vouchers

Case Number: 757-107 PC

Suspect(s):
Jon Hendry, DOB: 09/13/1956, [redacted]

Elizabeth (Lisa) Van Allen, DOB: 03/06/1967, [redacted]

Synopsis

Interviews of the mentors, instructors, coordinators and state employees of the film office regarding this investigation were conducted. See investigation below. All of the interviews were recorded. These recordings were placed onto CD-R's and put into NMAGO Evidence.

Investigation:

Invoice #11: Flagman Class Madrid

This invoice was billed to the NMFO on June 8, 2006 for $850.50. The invoice indicates that this was for a flagman class in Madrid. A notation "Ok to pay" dated June 23, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 10000029 39 dated July 17, 2006 in the amount of $26,183.43 to the IATSE 480.

May 9, 2008 Interview with Chris Espeset:

During the interview, Espeset said he was familiar with the Flagman Class in Madrid. Espeset said he went to the production manager for the movie Wild Hogs and told him they should have some people from this town (Madrid) on his payroll. Espeset said they needed traffic control as they were stopping traffic for several hours a day. Espeset convinced the production manager that they should hire people from the town. In order to do traffic control the people had to be certified.

Espeset said he did not teach the class. He made sure the people signed and paid

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attention in class. He was working for and being paid by Wild Hogs at this time.

I asked Espeset if the people in the class were FTTP students and he said, "No, they were people in Madrid who did not have jobs or worked odd jobs." I asked him if he knew Clinton Anderson. Anderson was paid $50.00 by TMP and attended the class. Espeset said he believes Anderson was the head of the Madrid Fire Department. Anderson showed up and responsible for the classes held at the Fire House. Anderson was also one of the students of the class.

Espeset said that Associated Contractors of NM was the organization that provided the teacher for the (traffic safety instructor) class. Associated Contractors was paid $650.00.

May 23, 2008 interview with Joe Folk:

During the interview I informed Folk that our office was conducting and investigation into a training program called the FTTP which was administered through the local 480 and TMP. Folk said he was not familiar with any of the entities I had mentioned.

I advised Folk that according to TMP records the company he works for (Associated Contractors of NM) had provided some work under this state contract and that we would be discussing the work that was done.

The first document that I went over was invoice #11. I directed Folk's attention to the description, "Facilitation Flagman Class Madrid." Folk said he was familiar with this flagman class.

When Folk was shown an invoice dated June 1, 2006; He said this invoice was prepared by his office to the requestor of the flagman class. I asked Folk that it appeared they charged $65 per student for 10 students for a total of $650. He said that is how they charge.

Next we went over a copy of a check to from TMP to Associated Contractors of NM for $700 with no date. I inquired as to why there was a discrepancy between the invoice of $650 and the check of $700. Folk said the difference is for his fuel. He was not sure who wrote the check to the company.

We then went back to the invoice and I asked him about the addressee of the invoice, TMP c/o Chris Espeseh and whether he spoke to this person. Folk said he received a call from someone putting on the film. They requested flagging training. The date and time was set up and he went out to Madrid and taught the class.

Folk said he was guaranteed at least six students would be attending the class. I asked Folk if he knew what type of students these people were and if he had heard of the FTTP. Folk responded that he did not know the type of student or what the FTTP was.

After explaining how the state pays for FTTP students; I asked Folk if he was aware if

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the people attending his class were students of the FTTP. Again he responded in the negative.

Next we went over a list of names that were submitted as attending the class. Folk had a list of attending students and they matched the list submitted by TMP.

When I asked Folk how long did the class last? Folk said the class lasted about 3½ to 4 hours. I asked him how long it took him to go to and from the location. He said about 1 ½ hours each way. I asked Folk where the class was held. He said it was held at the Madrid Firehouse. I asked Folk if Clinton Anderson, a person who received $50 helped him teach. He said, "No."

Folk provided me with power point copies of the flagging course, the test, and copies of the test and answers.

May 28, 2008:

I received a copy of the attendees' roster, the copies of the registration cards, invoices to TMP and copies of the certifications from Folk of Associated Contractors of NM.

September 16, 2008

A comparison between the list of students (from the five FTTP/FCTP schools) and the traffic safety class was done. None of the students on the schools list attended this class.

Conclusion:

Based on our interviews with the listed mentor on this invoice and reviewing the list of FTTP students obtained by all of the colleges, it can be determined that this billing is fraudulent. For the total amount of fraud see Buckner's analysis

Invoice# 13: Governor's Cup Roswell (Dearth or Birthday).

This invoice was billed to the NMFO on June 23, 2006 for $12,575.45. The invoice indicates that this was for the Governor's Cup, Roswell. A notation "Ok to pay" dated June 23, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000002939 dated July 17, 2006 in the amount of $26,183.45 to the IATSE 480.

May 27, 2008 Interview with Robert Seymour:

The first document I showed to Seymour was a spreadsheet given to us from TMP. When looking at the spreadsheet I directed his attention to the Governor's Cup- Roswell entries, specifically the line that says, "Inst. #3-Rob Seymour." Seymour acknowledged the entry.

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Seymour noticed Greg Eichman's name and said he was the owner of Serious Grippage.

He was asked if he knew Lisa Weineke (Instructor #1); he said, "No." I asked him if he remembered her being there and he said, "I could not tell you."

I asked him if he knew instructor #2, Mamie Mitchell. He said he remembered her in the project. I asked him if he knew what she did. After a few moments he said, "Script girl."

I asked him if he knew instructor #5, Liz Marshall, he said, "No."

Seymour's attention was brought to the spreadsheet that had his position billed at $2,143.02. He said this amount sounded correct.

We went over the following supporting documents with Seymour; a timesheet with his name and signature on it, a gas receipt for $83.02, a deal memo and another document titled non-union loan out.

As we went over the timesheet, I pointed out that he had listed a travel day (to Roswell) for a total of 10 hours. I then asked him how the travel time worked and how long it takes to get from Santa Fe to Roswell. Seymour started to say six and then restated saying they were paid for a ten hour day. I questioned Seymour, "no matter what?" He responded, "Yeah that's it. That's the standard thing." He further explained that if he works more than four hours they would get paid for ten.

Seymour said that there are laws and bylaws that govern this; when they are working under a union contract. I asked Seymour if he understood this (project) to be a union contract. He responded that he understood that he was going to be paid union wages. I asked Seymour if he ever saw the state contract with the IATSE 480 and TMP. He said. "No." When I asked him if he knew how much was to be paid under the contract, he said, "No, not at all."

June 26, 2008

On this date I received a copy of the check issued by IATSE to Seymour. This check was dated 7/17/2006 in the amount of $2,143.02. This is the amount billed to the State for invoice #13. TMP later reimbursed IATSE for paying Seymour.

Conclusion:

Based on the information obtained, the contract allows for the billing of an instructor at a rate of $40.00 per hour of work. This rate includes gross receipt tax, travel expenses and any other related expenses. TMP through IATSE billed the state for one unit of work for a total amount of $2,143.02. When reviewing Seymour's timesheet a total of 48 hours of work was submitted. The total amount the state should have been billed per the contract was $1,920. Thus Seymour was overpaid $243.02. After interviews with some of the mentors and a review of the timesheets submitted by the mentors it was determined that

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the state was overbilled see Tom Buckner's analysis.

Invoice #14: Digifest $7,442.51.

This invoice was billed to the NMFO on June 26, 2006 for $7,442.51. The invoice indicates that this was for Digifest. A notation "Ok to pay" dated July 27, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000015641 dated August 1, 2006 in the amount of $25,862.16 to the IATSE 480.

This invoice was certified by Alfonso R. Trujillo that the items on the attached invoice were received and accepted by the NMFO on or before June 30, 2006.

May 23, 2008 Interview with Cameron Goble:

During the interview I asked Goble if he was familiar with "Digifest." He said, "Yes, that it was one of the many names the Duke City Shootout has been called. Goble said this would have been the second time he worked on the DCS. On this one he was a production office assistant. I inquired to Goble if he volunteered his time. He said, "Yes." I asked him if he said he was not paid. He responded, "I did not get paid."

I brought his attention to invoice #14 submitted to the state. Goble was shown an entry for instructor #5 with the name Cameron Goble. I asked him if this was him. He said, "That's me." Next I had Goble look at a document that had a check issued to for $1,250 from TMP.

I asked Goble, again, if he was ever paid. Goble responded he never was paid by TMP. I pointed out that the check made out to him was from TMP. Goble reiterated he never got a check from TMP. Goble explained that he was the webmaster for the DCS. He did this under his Cameron Goble Consulting business. I asked Goble who paid him. He said he believed he was paid from Tony DellaFora or the non-profit organization that ran the DCS.

Next we went over the check issued to him from TMP that we obtained from the First National Bank of Santa Fe. Goble recognized his signature on the back of the check as well as his bank account number. After showing this check to Goble he said he now recalled receiving the check, however it was not as a payment to him.

Goble explained as the production office coordinator it was his job to handle the petty cash. He recalled an instance when the funds were running low in the petty cash box and they (the DCS) needed an infusion of cash.

He remembered a guy named Jon came to him. Goble could not recall his last name. I asked him to describe Jon. He described Jon as a large, heavy set guy, who is the head of the (IATSE) 480. I asked him if he saw Jon, would he be able to identify him. He said he could.

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Goble said Jon came to the DCS office and was affiliated with TMP. I asked Goble how he knew this. He responded by Tony DellaFora and Reggie Russell. Goble said he (Jon) was working out some type of a deal with them. Jon gave him a check to which DellaFora instructed him to place it into the petty cash fund. In trying to clarify what happened, I asked Goble if Jon Hendry gave him the check. Goble said yes and after I had mentioned the last name of Hendry he said, "Yes, that is his last name."

Goble said he remembered getting a check from Hendry and DellaFora was present. Receiving the check was a surprise to Goble because he did not handle incoming money. His job was to do transactions from the money they (the DCS) already had. Goble said he had taken checks and cash them for DellaFora. He said he would take the cash to Della Flora and give him the receipts. I asked Goble if any other person was around when this transaction occurred and he said he was not sure.

Goble was asked if he was aware of this contract, what it entails, and why his name was on the invoice. Goble said he did not know. After explaining to Goble that the invoice indicates that he mentored individuals and was paid ($1,250); Goble said he did not mentor anyone. He was volunteering his time on the DCS to learn how a production office worked. He had volunteers working with him and he did not believe they were FTTP students. These individuals were Ed Merta and Nancy Gough.

I asked Goble if he recognized any of the others listed on the invoice. Goble said Ellithorpe was the manger of the festival part of the DCS. Goble said she had some people helping her.

Vicki McWilliams was the unit production manager and he reported to her. Goble could not recall if McWilliams had any helpers other than himself. Goble said he was not a student of the FTTP. McWilliams' job was to determine the budgets for each shoot. She determined what equipment each shoot would receive as well as signing contracts and insurance forms.

Goble said Christina Julian's name is familiar to him and he believes she was involved in promotional material but he was not sure.

I asked Goble if he submitted any timesheets for the time he worked. Goble said any timesheets he submitted would be for the webpage work that he did for the DCS. Goble reiterated that he did not get paid for any of the work he did in the (production) office.

The people working under him at the office were not FTTP students. The people working for him were Ed Merta (personal friend), Nancy Gough (personal friend), and Joe (last name unknown). Goble said all Joe did was answer the phone and make copies.

On this same day at 11:11 a.m., I received an email from Goble regarding his invoices for the webpage work he conducted for DCS. Goble said the laptop he used to create his invoices was stolen a few weeks after the DCS. He reviewed his bank records and said

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he received 7 payments from the Digital Filmmakers Institute from June 21, 2006 through December 18, 2006.

On this date I obtained a copy of APD report #06-110782, which is a residential burglary report showing a laptop computer being stolen and Goble as a victim.

June 20, 2006 Follow-up interview with Cameron Goble:

During the follow-up interview we discussed how he received the check from Hendry. Goble said that Hendry gave him the check and Tony Della Flora was the person who told him to cash the check.

I asked Goble if everyone was together when he was given the check. Goble said he was in his office and people were coming and going. Hendry and Della Flora were both coming and going (out of Della Flora's office) as they were negotiating something. This happened within ten or fifteen minutes. Goble was asked if Hendry personally handed him the check. He responded, "Yes, he did."

Goble was asked if Hendry was present; when Della Flora told him what to do with the check. Goble couldn't recall. I asked him if it was possible that they were in the same room. Goble said it was possible as they kept going in an out of the office.

I asked Goble what type of negotiations were going on. Goble said that he did not know the specific details but it was his understanding that the Duke City Shootout needed money. Hendry was a potential source for that money.

Goble said that in addition to being the production office coordinator he was also maintaining the DCS's webpage. Goble was contracted by DCS to do this. One of his responsibilities (in maintaining the webpage) was to manage the positioning of businesses that were endorsing (sponsoring) the shootout. He would get a logo from the company sponsoring the DCS and place it onto the webpage with a link to their business.

Goble said it was his understanding that Hendry was willing to pay the DCS some money in return for TMP's logo being placed on the webpage. Goble did not know how much the going rate was for a logo on the web page.

I asked Goble if anyone else at the DCS was asked to cash a check from TMP and return it to the petty cash fund, he said he did not know. Goble was asked to explain the procedures of the petty cash fund that DCS had. Goble said that if the DCS was low on cash he would get a check from Della Flora and then go to the bank and cash it. Then he would bring the money back and put it in the petty cash fund.

I asked Goble if there was a receipt issued for the cash. Goble responded there was a receipt from the bank showing the transaction. I asked Goble what he did with the bank receipt. Goble said he might have kept the bank receipt. He said it was possible that the carbon copy of the check Della Flora wrote to him could be in the accounting ledger.

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Goble said there was a petty cash form that he used when giving out money. As far as money going into the petty cash, Goble said he was given the money and asked to put it in the box. Goble said he recalled being asked to cash three checks and bring the money back.

I revisited the earlier conversation about TMP putting their logo on the webpage. Goble said he recalled this because Della Flora asked him to design a logo for TMP. Goble said he was given a logo at one time and that he might have a copy of it. He said the logo was in red block letters. The logo might still be on the website for the Duke City Shootout 2006.

August 21, 2008 interview with Edward (Ed) Murta:

During the interview Murta said he became involved with the Duke City Shootout as a volunteer. Murta said while he was volunteering at the DCS he was not an active student.

Murta said in July of 2006 he was a volunteer. Cameron Goble was the production office coordinator. He was an office assistant and reported to Goble and Peg Ellithorpe. Murta said he was asked by Goble (his friend) if he would like to volunteer because Goble needed help. Murta was not a student of the FTTP.

Murta said he was not aware that Goble was being paid for his work. He thought that Goble was an intern and might have received a small stipend. Murta remembered working with another volunteer who he knew as Nancy.

August 21, 2008 interview with Nancy Gough:

During the interview Gough she said was a volunteer in the production office for the Duke City Shootout. Gough said she was asked by Goble to help him in the production office. She would answer phones and do the paperwork for the productions, errands and research on line. She was not a student of the FTTP.

Gough was only at the office three days a week and for three or four hours per day. She recalled two other people helping (guys). She did not know their names. Gough said she was not a student of the FTTP.

September 7, 2008 interview with Christina Julian:

During the interview, Julian said that she was working on the film festival (the Duke City Shootout) in July 2006. She was not involved in any technical aspect of the film shoots.

Julian said she has a full time job in Los Angeles (LA) and this (the DCS) was a side project. She would secure people to come out from LA to participate in the festival. Julian said she did this work while she was in LA and would come out to New Mexico for the two week festival.

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I described the check from This Machines Productions (TMP) made out to her for $1,250. I asked her why she would receive a check from TMP. Julian said this company is not familiar to her but she did receive consulting money for the work she did for the DCS. Julian mentioned she received a stipend from the Tony Della Flora and Reggie Russell. Julian said she never met or worked with Jon Hendry but that she heard of him from her boss (Christopher Coppola). Julian also has never heard of Lisa Van Allen or Anne Chastain.

Julian said she never worked with students of the FTTP. She worked as an ambassador for those who were brought in from Los Angeles. Her job was to make sure they were taken care of. Julian believed the mentors were given a stipend by the DCS.

September 9, 2008

On this date I emailed some questions regarding the check that she received from TMP to Julian.

September 15, 2008

On this date Julian responded to my questions. Julian said that the signature appears similar to hers and that she received the check from a helper or intern at the end of the festival.

Conclusion:

Based on our interviews with the listed mentors on this invoice, it can be determined that a false invoice was submitted and the following billings to the state are fraudulent: 1) Cameron Goble for $1,250, 2) Christina Julian for $1,250 3) Vicki McWilliams for $1,250 (see Buckner's report). For the total amount of fraud on this invoice see Buckner's analysis.

Invoice #15: Governor's Cup, "A Piece of Pie."

This invoice was billed to the NMFO on June 30, 2006 for $7,718.29. The invoice indicates that this was for the Governor's Cup "A Piece of Pie." A notation "Ok to pay" dated July 25, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000015641 dated August 1, 2006 in the amount of $25,862.16 to the IATSE 480.

This invoice was certified by Alfonso R. Trujillo that the items on the attached invoice were received and accepted by the NMFO on or before June 30, 2006. It was then signed by the Chief Financial Officer on July 27, 2006.

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May 12, 2008 Interview with John Grace:

This invoice was for the Governor's Cup "A Piece of Pie." The first supporting document we discussed was a document where he is listed as an employee, the position he worked (Grip) and an amount of $660 and an entry showing $100 paid to his benefits fund.

Next we looked at a timesheet with his name on it. I asked Grace if he filled out the timesheet, he said, "no, but he did sign it." Grace said that this is common. I asked Grace why the timesheet on the first day shows him working from 7:30 a.m. to 5:30 p.m., with a mealtime break of 45 minutes, for a total of 10 hours, and the second day shows him working from 7:30 a.m. to 6:00 p.m., with a mealtime break for 30 minutes, for a total of 10 hours.

Grace explained in this business they are hired on a 10 hour day. They can work up to the 10 hours and get paid the 10 hour rate, even if they only work 2 hours. Under a 10 hour day lunch is included. Grace further explained that should they work over a 10 hour day they would receive overtime with the lunch excluded.

I asked Grace if he could tell me how many hours that he physically worked, including travel time. Grace said they probably worked the amount that is listed. He said that they had to wrap up early due to weather. Grace said they may have actually gone over the hours presented on the timesheet.

Conclusion:

Based on the interview with Grace, it was determined that he was under paid by $40.00. His timesheet indicates he worked a total of 20 hours. At his rate of $40 per hour he should have received $800 when he was paid $780.

After interviews with some of the mentors and a review of the timesheets submitted by the mentors it was determined that the state was overbilled for Eichman's mentoring and was under billed on Grace, Douthit and Brownlow's mentoring, see Tom Buckner's analysis.

Invoice #17: Governor's Cup "A Piece of Pie"Reshoot.

This invoice was billed to the NMFO on August 15, 2006 for $7,111.77. The invoice indicates that this was for the Governor's Cup "A Piece of Pie." A notation "Ok to pay" dated September 13, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000094343 dated October 4, 2006 in the amount of $26,779.58 to the IATSE 480.

May 12, 2008 Interview with John Grace

This invoice was for the re-shoot of the Governor's Cup "A Piece of Pie." I brought to

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Grace's attention that per the invoice he was paid $940. Grace was then shown an invoice with his name on it, indicating he worked 20 hours and the total due to him of $700.

I asked Grace if he made out this invoice he said "no." I asked him who would have made this out. He responded that occasionally the producer would prep an invoice and ask them if it looks good. Sometimes he would sign it and sometimes he would not. I asked Grace if the hours on the invoice were correct. He said it was a flat (rate). If it was over 10 hours there would have been overtime.

Conclusion:

According to the contract mentoring or instructing is paid at $40 per hour. The state was billed $940 for Grace's position when he only worked for 20 hours. The extended amount for his position should be $800. In this instance the state was over billed $140.00. Further review of the mentors timesheets and invoice indicated the state was overbilled for all positions. For a total amount of the over billings see Buckner's analysis.

Invoice #19: State Fair Parade

This invoice was billed to the NMFO on September 1, 2006 for $7,675.76. The invoice indicates that this was for the State Fair Parade. A notation "Ok to pay" dated September 13, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000094343 dated October 4, 2006 in the amount of $26,779.58 to the IATSE 480.

May 29, 2008 Interview with Patricia Greer:

During the interview, I asked Greer how she got involved with the State Fair Parade. She said she was contacted by a Christina Woodlee. Greer said she was doing make-up for Nancy Laflin (Broadcaster). Greer recalled working at the State Fair Parade for about eight hours.

It was her understanding that she was to do Laflin's hair and make-up and make her feel "special." I asked Greer if she recalled being asked by Christina or anyone else to be a mentor. She said, "I don't think so, I just do it naturally." When I tried to clarify her duties at the state fair; Greer said she was asked to work on Laflin and to her recollection she was not asked to be a mentor.

I asked Greer if she submitted a timesheet for her work. She could not recall. When we went over an invoice that had her name on it; Greer said it looked like an invoice she would have submitted. The invoice indicates she worked seven hours at $30 per hour. Next we went over a check written to her (on October 6, 2006) from TMP for $210. Greer said it was her signature endorsing the check. Greer was asked if she knew that some of her money would be withheld from her. She said, "No, I don't know, I don't remember any of that conversation." Next Greer was shown a check made out to her on

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November 30, 2007 from TMP for $70.

I asked Greer if she was aware of the contract between the state and the Union. She said she never heard of it. Greer said she was working when the second check came in and thought she was owed the money.

We went over a spreadsheet provided by TMP. I showed the break out which indicated her payment of the $70 was for benefits. Greer did not know the money was being withheld for benefits.

September 7, 2008 interview with Grace Lapsys:

During the interview Lapsys was asked if she had done any other work for TMP. She said she produced a TV broadcast of the State Fair Parade (NM) in September of 2006. While working on this she was still a part of the film program at CNM. The event was one day but pre-production took about a month.

Her last involvement with TMP was an event that was called Association of Film Commissioners International (AFCI). She was involved in organizing all of the transportation of the film commissioners around August 2007. Lapsys said she was hired as an independent contractor and this was for a couple of days to a week for certain projects they needed to complete.

Lapsys also commented that she had worked on Governor Richardson's re-election commercials. Lapsys said they had to finish four commercials for Governor Richardson. The filming took place in both Albuquerque and Santa Fe.

Lapsys provided me a copy of her invoice for her work on the commercials. The invoice is addressed to Jon Hendry. I asked Lapsys who she thought TMP was. She said she believes Hendry owned TMP. She said she was always contacted by Jon or Annie (his assistant). She was not a member of the union during this time.

When we went over the invoice she gave to Hendry, Lapsys said she emailed the invoice to him. The amount of $650 for coordination activities was arrived at as Hendry told her his total budget for her would be $700 plus incidentals (gas, food, copying). This invoice was dated on May 25, 2006. The work was done prior to her submitting her invoice.

Next we went over a spreadsheet (#1) that was provided from TMP as supporting information for the charges to the state. Under the facilitation portion there is an entry indicating a payment to her for $752.05 with a date of June 5, 2006 from check # 1008. When Lapsys was told that this amount was attributed to the State Fair Parade; she responded this was for the Governor's commercials.

When we over a copy of the check submitted to the state as supporting the $752.05, Lapsys could not recall a portion of the wording in the memo being scratched out when she received her check. You can only read coordination activities for, with the remainder

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scratched out.

We compared this to the copy I obtained from the First National Bank of Santa Fe. The copy from the bank is not scratched out and reads, "Coordination activities for Governor's commercials." Lapsys said that this was correct.

Next we looked an invoice with her name on it, dated 9/1/06 for the New Mexico State Fair, for a total amount of $752.05. I asked Lapsys if this was an invoice that she would have submitted. She said, "No, I always did it in this format." Lapsys was referring to the copy she provided me. I asked Lapsys if she gave anyone permission to make the invoice (dated 9/1/06). She said, "No."

Lapsys went on to say that she and Christina Woodlee (Hendry's assistant) were the producers at the State Fair Parade. According to Lapsys, Woodlee was the person who worked with the officials at the State Fair. Lapsys said she was paid on an hourly basis of $10 or $15. She was happy to be paid because students (FTTP) usually work for free.

When we went over the invoice (dated September 1, 2006) to the state for the work done on the state fair parade; the invoice indicates she was paid a flat fee for $1,500. I brought to her attention that she was initially paid only $1,000 from a check dated September 22, 2006 from IATSE 480. Then Lapsys was shown check (#1094) dated October 6, 2006 from TMP for $380. Lapsys said she recalled being told (by Annie) that TMP was having money problems. Next I showed her another check (#1385) dated November 30, 2007 from TMP for $120. Lapsys said she is used to not getting her check on time.

I also went over invoice #18 because her name was listed in the invoice to the state as working as a production assistant for 40 hours for a total of $1,600. Lapsys said that she only received one check from TMP. Further review of the supporting documentation for invoice #18 shows that Christina Woodlee was paid the $1,600.

Conclusion:

Based on my interviews and the information I obtained during the investigation, Invoice #19 has some fraudulent charges made to the state. To Greer's recollection she was not a mentor. The state was billed $280 for her work.

Lapsys was a student in the film program (at CNM) during the time she was working on this project. She coordinated activities and with other students. The state was billed $1,500 and $752.05 (under facilitation). The $752.05 was removed from the facilitation after my interview with Van Allen on April 1, 2008. Van Allen produced three spreadsheets (with revisions) to support her charges to the State.

Both Greer and Lapsys did not know the state paid $40 per hour for mentoring or coordination, they agreed on a lesser amount without this knowledge. When the state began investigating this matter, payments of $70 to Greer and $120 to Lapsys were made to make the amounts charged to the state match the amounts paid to these individuals.

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For the total amount of fraud on this invoice see Buckner's analysis.

Invoice #29: Kelly Miller -"Costuming" at CNM.

This invoice was billed to the NMFO on October 14, 2006 for $361.46. The invoice indicates that this was for Costuming. A notation "Ok to pay" dated October 23, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000162804 dated November 27, 2006 in the amount of $11,550.29 to the IATSE 480.

May 29, 2008 interview with Miller:

During the interview Miller was asked who called her to teach the class at CNM. Miller was not sure if it was Lisa Van Allen or Grubb Graebner.

Miller said that Graebner was in the classroom when she started teaching. I asked her if she submitted an invoice or timesheet. Miller said she submitted an invoice and that she would recognize it if she saw it.

I asked Miller how many hours she taught in the classroom. Miller responded maybe three to four hours. Miller said she lives in Albuquerque so it took her about a half hour for travel time to and from the CNM campus. Miller said she had to do some prep work (Developed a syllabus, built an outline, brought items to the class). Miller said she believed she was not paid for her prep-time. I asked Miller how much time (in total) she spent on this for the CNM class. Miller estimated about fifteen hours.

I asked Miller if she recalled how she was to be paid for the project. Miller said she thinks she gave Graebner a bill. At this time I showed her an invoice that had her name on it describing services rendered. Miller said that this was not her invoice. Miller said she would have submitted one of her invoices.

I brought her attention to the amount of hours (8) submitted at $30, a benefit buyout of $50, and a fuel charge of $20. Miller said that she was probably told an amount that she would get paid (by Lisa Van Allen) and that a benefit buyout was a payment to her instead of sending the money into her health and welfare. Miller said she didn't itemize her invoice this way.

Next we went over a check dated November 28, 2006 for $310. Miller said it was her signature on the back of the check. We then went over the invoice submitted to the state (invoice #29). Miller said she never saw this invoice before and was not familiar how the state was to be billed or about the contract. I showed her how the state was billed for 8.5 hours instead of the 8 hours the invoice indicated. Miller can not recall if she was told that she would have been paid an hourly or flat rate.

I asked Miller about another check made out to her by TMP on November 16, 2007 for $30. Miller said she remembers getting the check and wondering what it was for. Miller

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did not recall getting a letter indicating what the amount was for. She did not call anyone to question the second check. Towards the end of our interview Miller said she was most likely paid a flat rate for her time. For the total amount of fraud see Buckner's analysis.

Conclusion:

Based on my interview with Miller, the state was submitted a false voucher for payment of services to defraud the state. An invoice submitted with Miller's name on it was submitted to the state as supporting documentation for the charges. Miller indicated this was not her invoice and that she was told she would be paid a flat amount. The invoice also shows a benefit buyout but when our office began investigating this matter another check for $30 was sent to Miller by TMP (almost a year after the class) as another benefit payment.

Invoice #31: Burden Carriers.

This invoice was billed to the NMFO on October 23, 2006 for $4,252.50. The invoice indicates that this was for Burden Carriers. A notation "Ok to pay" dated October 25, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000162804 dated November 27, 2006 in the amount of $11,550.29 to the IATSE 480.

May 9, 2008 interview with Chris Espeset:

Espeset said he was a mentor on this project in the grip and other areas. There were FTTP students on the set. Espeset actually worked 48.5 hours and the state was billed for 40 hours. Espeset said he thought the signature on the check from TMP was Hendry's.

Conclusion:

Based on my interview with Espeset, no further action was required.

Invoice #33: "Intro to Electric Department."

This invoice was billed to the NMFO on October 23, 2006 for $680.40. The invoice indicates that this was for Intro to Electric Department. A notation "Ok to pay" dated October 25, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000162804 dated November 27, 2006 in the amount of $11,550.29 to the IATSE 480.

May 12, 2008 interview with John Grace

This invoice was for an Intro to Electric Department. I went over what was charged to the state (10 hours for the class and 6 for travel). I reminded Grace that earlier in the interview he said the class lasted about 4 hours. Grace responded that when they take a day out of work in this business you get paid for it. I reminded Grace that the contract

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with the State only pays for hours worked and commented if he only instructed for 4 hours then the state was billed for hours that were uncounted for. Grace responded that there was a set (that he mentored) as well as his class instruction.

As we went over a check made out to him for $530, I asked Grace if he knew whose signature was on the check. He said, "I have no idea." Next we looked at an invoice that has his name on it. Grace said this was not his invoice and that TMP probably made it out to show the union what they paid out. Based on his total time reported at $40 per hour, Grace would have been due $640.

Conclusion:

A review of the checks issued to Grace from TMP show that they paid him $530 on November 28, 2006 and then another $110 on November 16, 2007. The $110 was withheld from him for nearly one year.

Invoice #42: Music Video Mentoring.

This invoice was billed to the NMFO on November 27, 2006 for $3,657.15. The invoice indicates that this was for Music Video Mentoring. A notation "Ok to pay" dated December 15, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000225057 dated January 12, 2007 in the amount of $23,574.80 to the IATSE 480.

May 12, 2008 interview with John Grace

This invoice was for a music video. When we discussed the billing to the state, I asked Grace about the facilitation charge. Grace said he did not know what that was for and that he did not bill for it.

I asked him if anyone from TMP was at this location. Grace responded, "not that I'm aware of." We went over an invoice that had his name on it. Grace said he did not prepare the invoice. I asked Grace if the hours on the invoice were the amount of hours he spent on the project. Grace said he knows he shot for two days and had a day of prep. He recalls the days being long but could not be specific with the amount of hours. Based on the total hours submitted (36) at the rate of $40 per hour, Grace would have been due $1,440.

Conclusion:

A review of the checks issued to Grace from TMP show that they paid him $1,230 on December 22, 2006 and then another $210 on November 16, 2007. The $210 was withheld from him for almost 11 months.

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Invoice #43: CNM Project Mentoring.

This invoice was billed to the NMFO on November 27, 2006 for $3,827.25. The invoice indicates that this was for CNM Project Mentoring. A notation "Ok to pay" dated December 14, 2006 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000225057 dated January 12, 2007 in the amount of $23,574.80 to the IATSE 480.

May 13, 2008 interview with Jim Giesler:

This invoice was for a CNM Project mentoring. It listed Giesler as mentor for craft services. When asked if he could remember what the project was, Giesler said he could not remember. Giesler said the project looked like a shoot and that he probably had a student with him. Giesler said the student would help him do the shopping, carrying water and anything else needed. I asked Giesler if there was a sign in sheet for the student. He said he did not have a sheet but Graebner (the Head of CNM program) may have a list.

Giesler was asked about the amount bill to the state ($2,400). He said that this was not his invoice. When asked if he would submit an invoice; he said he would have submitted something to get paid. When he was shown an invoice submitted as a supporting document, he said it was his.

I asked Giesler to explain why he charged for 60 hours and the other person on the project charged only half that amount. Giesler said he probably charged a prep day and a wrap day. He also mentioned that the other person might not have been on the set the complete time.

Based on the amount of hours Geisler said he worked (60) at a rate of $40 per hour Geisler would be due $2,400.

Conclusion:

A review of the checks issued to Giesler from TMP show that they paid him $1,800 on December 22, 2006 and another check for $600 each on November 26, 2007. The $600 was withheld from him for over almost one year.

Invoice #46: Basics for Tech Scouting for Grip and Electric.

This invoice was billed to the NMFO on December 29, 2006 for $3,800.67. The invoice indicates that this was for Basics for Tech Scouting for Grip and Electric. A notation "Ok to pay" dated January 2, 2007 from Lisa Strout, Director of the NMFO is on the invoice. The invoice was paid as a part of warrant number B 1000225057 dated January 12, 2007 in the amount of $23,574.80 to the IATSE 480.

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May 9, 2008 interview with Chris Espeset:

This invoice was for a Basics of Tech Scouting project. Espeset said this was for the Red Mesa project. The purpose of this was to take the students who were the heads of their department on a technical scout, with the producer and director. The students were shown how a head of the department has to see locations before the shoot to know what equipment requirements, labor requirements are or whether the attempt to shoot at the location is realistic.

Espeset said the only coordinator they had was the person from the university. When asked if anyone from TMP was at the shoot, he said "No." Espeset remembered the name of the head of the film department from the university (Mike Laurence).

An invoice from Espeset indicates a total of 20 hours. Espeset said he did not think the hours he submitted included travel time. On the invoice to the state it indicates Espeset worked 16 hours with 6 hours of travel time. Espeset was not sure if the additional two hours reported on the invoice to the state was for his travel time.

Conclusion:

Based on my interview and review of the documentation, the invoice to the state is a false voucher. Espeset billed for a total of 20 hours, however TMP through IATSE 480 billed for 22 hours. For the total amount of fraud on this invoice see Buckner's analysis.

Invoice #49: Key Grip/Mentor for "Red Mesa."

This invoice was billed to the NMFO on February 6, 2007 for $5,273.10. The invoice indicates that this was for Red Mesa. There is a notation "Ok to pay" dated February 7, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000272739 dated February 14, 2007 in the amount of $14,968.70 to the IATSE 480.

May 9, 2008 interview with Chris Espeset:

This invoice was for a project called Red Mesa. Espeset said this was for the shooting of the project. He said he could not explain why his invoice only showed a total amount ($3,975.75) and not per hour. Then we discussed another invoice from him. This was for a kit rental and benefits in the amount of $984.25. These two invoices were for the Red Mesa shoot.

Espeset said the signature on the check from TMP was signed by Hendry. Espeset said he knew that TMP had held his benefits money from him as they were attempting to put money into his pension fund. They were not able to do so, so he was given the money some time later.

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Conclusion:

Based on my interview with Espeset, no further action on this invoice is required.

Invoice #52: Guest Instructor/PA Class.

This invoice was billed to the NMFO on February 20, 2007 for $2,721.60. The invoice indicates that this was for Guest Instructor/PA Class. There is a notation "Ok to pay" dated February 26, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000299768 dated March 1, 2007 in the amount of $3,061.80 to the IATSE 480.

May 9, 2008 interview with Alton Walpole:

During the interview Walpole said he charges $500 (flat) for each class that he teaches. Walpole was asked what projects he worked on for TMP. Walpole said he taught a workshop at El Rito (Espanola Campus) on February 11, 2007. Walpole provided me with a sign in sheet for the class.

Walpole said he recalls being called by Jon Hendry. Hendry asked him if he would like to do a class in El Rito and he agreed. Walpole said his invoice was sent to and received payments from TMP.

I asked Walpole how long did the workshop take. He said they take 6 to 8 hours. His travel to and from El Rito would have been approximately 2 hours.

When we looked at the payment histories (that he provided), I noticed he received two checks, the first for $500.00 and the second for $60.00. The second check (for $60) was given to him almost nine months later (12/17/07) for benefits even though Walpole is not a union member. Walpole said he did not question why the payment came so late.

I asked Walpole if he knew the class he taught was being paid by state funds through a contract with the union (IATSE 480). He said he was not aware that the union had a contract with the state.

Next I showed Walpole invoice # 52, Guest instructor/ PA class. I brought to his attention that the invoice submitted to the state indicates 14 hours of work. Walpole said he did not work for 14 hours. Walpole said the total day was no more than 10 hours.

I asked Walpole if anyone was with him during his instruction at the school and he said, "No one was there but him."

Conclusion:

Based on the interview with Walpole, the state was provided with a false invoice and

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defrauded. TMP charged the state for four more hours than what would be allowable. The total amount paid for Walpole's part of the invoice should only have come to $400 for 10 hours. The state was billed $560.00 for 14 hours. See Buckner's analysis for the total amount of fraud.

Invoice #54: Telenovella.

This invoice was billed to the NMFO on February 21, 2007 for $7,356.83. The invoice indicates that this was for Telenovella. There is a notation "Ok to pay" dated March 6, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000314508 dated March 9, 2007 in the amount of $9,376.77 to the IATSE 480.

September 8, 2008 interview with John Gorman:

During the interview Gorman said he did work on Telenovella, while he was still in class (attending the CNM FTTP). Gorman said he was (technically) a part of the local (IASTE 480) and knew more about the lighting than anyone in his class.

Gorman said a person named Lenny Hoffman was hired to be the Gaffer but he did not make it to the production meetings. Gorman was supposed to be working under him. His teacher Grub Graebner asked him if he thought he could do it. Gorman told him he could. Graebner told him since you are going to lead the department and they were going to pay a union representative to do the work they would pay him. Gorman agreed to it.

Gorman said he taught what he knew about lighting. He said the lights on the project were nothing compared to a larger set. When I asked Gorman if he did any jobs prior to the Telenovella, in which they used the equipment he was working with; Gorman said he worked on a couple of short films and on The Hunted, the Duke City Shootout, and a Governor's Cup.

I asked Gorman if this was the first time that he was by himself, leading anything. Gorman said, yes but at the same time there was a director of photography telling him what he needed. He was the mentor for four students.

When we went over the invoice submitted to the state, Gorman said the shoot went for about 8 days and that they worked ten hour days. He said the last two hours of the day were free as the union was paying them for eight. Gorman said the mentors were aware they were only getting paid for eight. I asked Gorman if he knew what his payment agreement was. He said it was around $30-something per hour and he received close to $2,000.

When I showed him the check written to him for $1,940 from TMP; I asked him if he knew whose signature was on the check. Gorman responded, that he thought the company belonged to Hendry. Gorman thought the check for $1,940 was the only amount he was to receive.

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Next we went over an invoice with his name on it. Gorman said he made the invoice. Gorman was asked if he knew how much the state had agreed to pay for mentoring (instructing) or coordination, he said, "No."

We reviewed the amount that was billed to the state $2,560 and the amount he was paid $1,940 leaving a discrepancy of $620. Gorman said that the $1,940 was what he was told he would be paid at the beginning (of the production).

I asked Gorman if he ever received a letter form TMP indicating that he was owed money. Gorman said he recalled being sent a check for $600 and something. He had no idea what it was for. He recalled it coming with a letter. Gorman was asked if he knew money was being taken out for benefits, he said, "No." Gorman said that the Telenovella was not a union sponsored job. I asked Gorman if he would meet with me again when I found the additional check made out to him. He agreed.

September 10, 2008 interview with John Gorman

A follow-up interview with Gorman was done so we could talk about the additional check he received and the letters from TMP. When check #1382 was shown to him, he said the signature on the back was his. The check was made out to him for $620 on November 26, 2007.

When we went over the letters from TMP Gorman did not recognize the first one. The first one was addressed to Instructors and Vendors, dated November 14, 2007. The letter begins by explaining that TMP is in the process of closing the recently expired contract with IATSE local 480 to administer state funds. The contract with the state expired on August 31, 2007.

The second letter Gorman did recognize. It was addressed to Instructors for the FTTP program. It is in regards to balance of benefits. This letter begins by saying please find a check enclosed representing a balance of benefits owed to you for instruction done through TMP's contract with the Local and the State.

These letters were dated (five days) after I approached the NMFO seeking all documents related to this contract.

Conclusion:

Based on the information I obtained during my interview with Gorman, the full amount of $2,560 billed to the state is fraudulent. Gorman was a student with the FTTP at CNM and had minimal experience in lighting in the film industry. TMP's original Gaffer did not show so they hired him to do the work. As for billing the $2,560 and telling Gorman he was only going to make $33 per hour and only get paid for eight hours of work per day. This is contrary to the contracts compensation rate of $40 per hour. Gorman was withheld (unbeknownst to him) $620 for approximately eight months.

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Additional interviews were done by Agent Huegler and Tom Buckner (Financial Analyst). See their reports and Buckner's analysis for further detail.

Invoice #56: Rob Seymour, the Craft of Sound, El Rito $744.19.

This invoice was billed to the NMFO on February 28, 2007 for $744.19. The invoice indicates that this was for The Craft of Sound. There is a notation "Ok to pay" dated March 6, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 10000314508 dated March 9, 2007 in the amount of $9,376.77 to the IATSE 480.

May 27, 2008 interview with Robert Seymour:

This invoice was for the instruction of a class on the craft of sound. I went over the invoice with Seymour and it shows that TMP through IATSE billed the state 10 hours at a unit price of $40.00 and a kit rental for $300 plus tax. During the interview Seymour said he instructed for six hours with one hour travel time each way for a total of eight hours.

Next we went over a document that was submitted as an invoice for his services. Seymour said that this was not something he would have submitted. As we discussed this document further, I directed his attention that the invoice only claims 8 hours of work (for $30 an hour) with a benefit buyout ($50).

I asked Seymour if he could explain what the benefit buyout was. Seymour responded "I don't either." Seymour said he assumes this amount was to be paid to the union. Whenever they work, four-percent is automatically deducted from them and they never see the money. There are also benefits that get paid.

I asked Seymour why is there a difference between the invoice that was submitted by him for a total of $590.00 and the one submitted to the state for payment for $700 plus tax. Seymour said he thought they had agreed on $30 per hour.

The next document we went over was an invoice submitted by EPKS-R-US (his business). I asked Seymour how his invoice can show a total of 8 hours of work (which included travel, prep and instruction) and the one submitted by the union to the state could show 10 hours. Seymour explained that if someone is sent out on a job for eight hours they could get paid for ten.

I reiterated that the contract the state had with the union only pays for per hour work. Seymour said he had no idea what was going on between this and the State. Seymour said he was never told that the state would pay $40 per hour of instruction.

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September 16, 2008

A review of the documents obtained from the First National Bank of Santa Fe shows a check in the amount of $110.00, check number 1321, dated November 16, 2007, from TMP to EPKS-R-US. This check was made to Seymour seven days after I had requested all financial documents from the NMFO. This amount ($110) and the amount previously paid to Seymour ($590) would account for all of the money billed to the state except for the $44.19 in taxes.

Conclusion:

Based on the information I obtained, TMP through IATSE submitted a fraudulent invoice for payment as they increased the amount of hours billed to ten hours from eight. TMP through the union also added the cost of the equipment rental of $300 and a benefit buyout of $50, $44.19 in taxes, and a kit rental for $300. Per the contract these items are included in the $40 per hour rate for instruction. Therefore the state should have been billed a maximum of $320 for Seymour's work. For total amount of fraud see Buckner's analyst.

Invoice #62: Geoff Martin, Special Effects Intro at CNM.

This invoice was billed to the NMFO on March 28, 2007 for $340.20. The invoice indicates that this was for Telenovella. There is a notation "Ok to pay" dated March 28, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000378853 dated April 20, 2007 in the amount of $4,592.70 to the IATSE 480.

May 13, 2008 interview with Geoff Martin:

During the interview Martin said he taught a class on the intro to Special Effects at CNM. Martin said that this could be the class he (mentioned earlier) taught at TVI. I brought Martin's attention to the amount of hours (8) that was submitted to the state. I asked him to explain the difference between his hours and the hours submitted. Martin said it could be an eight hour minimum. He further explained that had he worked only five hours they would get paid for eight.

When Martin was asked how much time he taught the class and the how long it took for travel to and from CNM. Martin said his class lasted about 4 hours and the travel to and from was about 1 ½ hours.

Next we looked at a document submitted (as an invoice) to support the billing to the state. I asked Martin if this was his invoice and if it was made by him. He responded, "No."

When Martin was shown a check written to him for $290, Martin said this was the only check he received from TMP.

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After further review of the TMP checks obtained through the First National Bank of Santa Fe, I noticed a check (#1317) for $30, issued to Martin on November 16, 2007. This was more than seven months after Martin taught at CNM.

Conclusion:

Based on my interview and the documentation, the invoice submitted by TMP through IATSE 480 is a false voucher. The state was billed for 8 hours when my interview with Martin revealed that 5 ½ hours of work with travel was performed. Therefore the state should have only been billed $220. Had 8 hours of work be actually completed TMP should not have held Martin's $30 for seven months. For the total amount of fraud see Buckner's analysis.

Invoice #69: Frank Garcia, Electrics for Picture Cars, CNM.

This invoice was billed to the NMFO on April 22, 2007 for $2,551.50. The invoice indicates that this was for Electrics for Picture Car. There is a notation "Ok to pay" dated May 8, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000420964 dated May 16, 2007 in the amount of $2,976.75 to the IATSE 480.

May 10, 2008 interview with Frank Garcia:

During the interview with Garcia, I asked him if he taught this class and he said, "No." Garcia said he may have coordinated the class and sent an invoice to Hendry. There was another person teaching the class.
Garcia was asked how long the class lasted. He responded, "I coordinated and attended the class. Garcia was still an FTTP student at the time of this class; he obtained all of the signatures of the people attending the class. Garcia remembered Annie Chastain being there. The class lasted six hours.

Garcia was not sure about this class being a one day or two day class. One part of the class was done at Serious Grippage's parking lot and the other was at Albuquerque Studios.

I asked Garcia who would have facilitated the class. Garcia said he did not know, he only recalls Annie Chastain arriving to pick up the paperwork from him. I had Garcia look at an invoice with his name on it. I asked him if this was the invoice he submitted, he said, "No, I never charged for benefits and pension." Garcia said he was paid a rate of $400 for 10 hours of work. The $400 is guaranteed even if the class only went six hours.

I explained to Garcia that the contract only pay for $40 per hour. I further explained that the state does not pay a flat rate. Garcia was not aware of the contract. Later in the interview he said Wayne Elliot taught the class. Elliot does not appear on any of the invoices to the state under this contract.

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Garcia commented that this is not the way he would submit his invoice. Garcia explained his invoices would have his business card copied on the upper left corner.

According to the spreadsheet and checks #1402 dated November 30, 2007 to Garcia he was paid $400. More than seven months after the class and six months after TMP received state monies.

Conclusion:

Based on my interview and the documentation, the invoice submitted by TMP through IATSE 480 is a false voucher. Garcia was a student of the CNM FTTP and said this was not his invoice. TMP through IATSE 480 submitted for 10 hours of work for Garcia as a mentor when Garcia said he did not teach the class, he did some coordination. Garcia further recalls the class lasting for six hours.

If this invoice were true and correct TMP further withheld the $400 due to Garcia for more than six months after receiving state funds to pay for the class. For the total amount of fraud and/or embezzlement see Buckner's analysis.

Invoice #70: Leonard Hoffman- Gaffer Mentor, "Things We Do For Love."

This invoice was billed to the NMFO on May 18, 2007 for $14,373.45. The invoice indicates that this was for the Things We Do for Love. There is a notation "Ok to pay" dated May 30, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000455663 dated June 11, 2007 in the amount of $22,718.99 to the IATSE 480.

May 28, 2008 interview with Leonard Hoffman:

During the interview Hoffman said he was contacted by Van Allen on all of the projects he worked on. He would also talk to Annie (Chastain). When I asked Hoffman how much he to be paid he said, "He said he was to be paid for at least 10 hours per day, and somewhere around $33 per hour." He said there was some arrangement for health and welfare (benefits).

When I asked Hoffman if he was aware of the contract between the union and the state; He said he was never told anything about it. I asked him if he heard that the state was paying $40 per hour for instruction; he said, "I never heard anything."

Hoffman was asked if there were any coordinators at the set from TMP. Hoffman said he usually did this himself. He went on to say that Van Allen did make contact with him on a few occasions. I asked Hoffman how many times she would call. He said over a period of a week between three and five conversations which lasted about 10 minutes each and a face-to-face meeting prior to the projects that went about 30 minutes.

When we went over invoice #70, I brought to his attention that TMP charged the state 56

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hours of work at $40 per hour for a total of $2,240 and he only received $2,148. Hoffman said he received a "stack" of $100 checks (received in November and December of 2007). I asked him why and he said he thought it was for the health and welfare benefits and he did not question it. Hoffman said he didn't know that he was supposed to be paid $40 per hour. Had he known, he would have made a demand for it.

Next we went over an invoice with his name on it. Hoffmann said he did not make the invoice. I brought to his attention that someone wrote, "+ $300 health benefits." This amount was added to a total on the invoice of $1,848. A new total amount of $2,148 was placed under the benefits amount. I asked Hoffman if the health and benefits were already included in his $2,148 what was the additional money for. Hoffman said he doesn't know.

Conclusion:

Based on my interview and documentation, Hoffman had $92 due to him withheld by TMP until November 20, 2007. This was approximately five months after TMP was paid by the state and eleven days after I requested all documentation from the NMFO. The amount charged under facilitation ($2,000) can not be justified. Hoffman said during the projects, he spoke to Van Allen for about 1 ½ hours regarding the project.

Additional interviews were done by Agent Huegler and Tom Buckner (Financial Analyst). See their reports and Buckner's analysis for further detail.

Invoice #75: John Grace, Guest Instructor-Gaffer/DP for ENMU-R.

This invoice was billed to the NMFO on June 6, 2007 for $574.09. The invoice indicates that this was for a guest instructor at ENMU-R. There is a notation "Ok to pay" dated June 6, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000475171 dated June 25, 2007 in the amount of $9,504.34 to the IATSE 480.

May 12, 2008 interview with John Grace:

This invoice was for a guest instructor, Gaffer/DP for ENMU Roswell. I brought Grace's attention to another invoice submitted as supporting documentation for the invoice to the state. Grace said this was one of his invoices. When I brought to his attention that he billed 12 hours for this class (which included travel) and the state was charged 13.5 hours, he said he could not explain it. Thus the state of NM was overbilled for 1.5 hours at $40 for a total of $60.

Conclusion:

Based on my interview and documentation, the invoice submitted by TMP through IATSE 480 is a false voucher. Grace's invoice indicates that the total amount of work performed was 12 hours. The invoice to the state for this work was billed at 13.5 hours.

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For the total amount of fraud see Buckner's analysis.

Invoice #77: Diver City Gaffer Mentor.

This invoice was billed to the NMFO on June 6, 2007 for $4,252.50. The invoice indicates that this was for the Diver City, Gaffer Mentor. There is a notation "Ok to pay" dated June12, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000475171 dated June 25, 2007 in the amount of $9,504.34 to the IATSE 480.

May 28, 2008 interview with Leonard Hoffman:

During the interview Hoffman said he was contacted by Van Allen on all of the projects he worked on. He would also talk to Annie (Chastain). When I asked Hoffman how much he to be paid he said, "He said he was to be paid for at least 10 hours per day, and somewhere around $33 per hour." He said there was some arrangement for health and welfare (benefits).

When I asked Hoffman if he was aware of the contract between the union and the state; He said he was never told anything about it. I asked him if he heard that the state was paying $40 per hour for instruction; he said, "I never heard anything."

Hoffman was asked if there were any coordinators at the set from TMP. Hoffman said he usually did this himself. He went on to say that Van Allen did make contact with him on a few occasions. I asked Hoffman how many times she would call. He said over a period of a week between three and five conversations which lasted about 10 minutes each and a face-to-face meeting prior to the projects that went about 30 minutes.

When we went over the documents pertaining to this invoice, Hoffman said he did the work the amount of hours submitted. One of the documents is an invoice with his name on it. This invoice indicates he was paid $33 per hour and his benefits were already built into his total invoice of $1,900. For his position TMP invoiced and was paid by the state $2,000.

Conclusion:

Based on my interview and documentation, Hoffman had $100 due to him withheld by TMP until November 20, 2007. This was approximately five months after TMP was paid by the state and eleven days after I requested all documentation from the NMFO. The amount charged under facilitation ($2,000) can not be justified. Hoffman said during the projects, he spoke to Van Allen for about 1 ½ hours regarding the project.

Invoice #79: "Bump In the Night" Gaffer Mentor.

This invoice was billed to the NMFO on June 13, 2007 for $2,126.25. The invoice indicates that this was for Bump in the Night. There is a notation "Ok to pay" dated June

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19, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid under warrant number B 1000498733 dated June 29, 2007 in the amount of $2,126.25 to the IATSE 480.

May 28, 2008 interview with Leonard Hoffman:

During the interview Hoffman said he was contacted by Van Allen on all of the projects he worked on. He would also talk to Annie (Chastain). When I asked Hoffman how much he to be paid he said, "He said he was to be paid for at least 10 hours per day, and somewhere around $33 per hour." He said there was some arrangement for health and welfare (benefits).

When I asked Hoffman if he was aware of the contract between the union and the state; He said he was never told anything about it. I asked him if he heard that the state was paying $40 per hour for instruction; he said, "I never heard anything."

Hoffman was asked if there were any coordinators at the set from TMP. Hoffman said he usually did this himself. He went on to say that Van Allen did make contact with him on a few occasions. I asked Hoffman how many times she would call. He said over a period of a week between three and five conversations which lasted about 10 minutes each and a face-to-face meeting prior to the projects that went about 30 minutes.

When we went over the documents pertaining to this invoice, Hoffman said he did the work the amount of hours submitted. One of the documents is an invoice with his name on it. This invoice indicates he was paid $33 per hour and his benefits were already built into his total invoice of $1,900. For his position TMP invoiced and was paid by the state $2,000.

Conclusion:

Based on my interview and documentation, Hoffman had $100 of money due to him withheld by TMP until November 20, 2007. This was approximately five months after TMP was paid by the state and eleven days after I requested all documentation from the NMFO.

Invoice #80: Coach Huizar.

This invoice was billed to the NMFO on June 19, 2007 for $7,526.93. The invoice indicates that this was for Coach Huizar. There is a notation "Ok to pay" dated June 28, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid under warrant number B 1000515128 dated July 18, 2007 in the amount of $7,526.93 to the IATSE 480.

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August 5, 2008 interview with Dale Sonnenberg & Rebecca Stover:

Interview with Sonnenberg:

During the interview Sonnenberg said he was contacted by a person he knew as Elizabeth (Gabel) to do some mentoring for a young man who is deaf. He was told the film commission had funded the young man's (Tommy) documentary. Sonnenberg decided to mentor this young man and help him with his film.

Sonnenberg said he met Tommy during a (pre-production) meeting at the community college in Santa Fe. Also present at the meeting was Jon Hendry, Lisa Van Allen, and Elizabeth (Gabel).

Sonnenberg had some apprehension if this project could be completed in its timeframe. He felt as though the project was a total chaos; in terms of equipment, how it was structured, how it was to be directed and produced. He felt, no one had an idea of what they were doing.

Sonnenberg recalled that he was hired to just to be a mentor on this shoot. He said they were supposed to complete his part in two to three weeks. Sonnenberg could not remember the exact amount he was paid but he believed it was around $5,000 and that it was a flat fee. This agreement was made with a person at the film office. He was not sure who at the film office. Sonnenberg said he recalled doing the shoot in the fall and in Roswell.

When we went over the invoice, I directed his attention to the dates listed in the description which said May 24 through June 15. When Sonnenberg saw this his recalled this was done in the fall.

Next we went over the invoices that were submitted one invoice had two dates June 6, 2007 and August 17, 2007 with two amounts of $2,400 and another invoice for $2,400 dated June 6.

Sonneberg said he received another call from the film office after the mentorship and shooting was done. They asked him to do some more mentoring on editing. This was not originally planned. He was told that in terms of money Van Allen would have to check to see what was in their budget.

Sonneberg said the second time he worked a couple of months trying to get the project completed. When Sonnenberg left, the project was still not finished. He was not sure when he mentored the second time.

On both occasions Sonnenberg said he was paid a flat fee. Sonnenberg said he worked more than the total of hours to satisfy the $40 rate the state contracted for.

After further reviewing the checks from TMP, I noticed that Sonnenberg was paid a total

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of $6,800 from three checks. Two checks for $2,400 and one for $2,000. We did not discuss this last check. The additional editing that Sonnenberg did on this project was charged under invoice #87 ($2,000). One of the $2,400 was placed under this invoice #87 and the other $2,400 was placed under facilitation.

Interview with Stover:

During the interview with Stover said she was in Roswell for a week and then in Santa Fe for pre-production. She worked as a sound person on this project.

Stover said received a daily rate of $250 to $300 or the union daily rate. She worked with a student from Santa Fe (Thomas Campbell). Stover said she worked by herself and mentored Campbell and tried to mentor other students but they were not open to learning. She spent more than half of her time mentoring Campbell. Stover said she did not receive any benefits on this shoot.

We went over the invoice to the state and the check made to her from TMP ($2,280). When we went over the invoice submitted to TMP with her name on it she was not aware that she had been paid out for benefits. The daily rate she was actually paid was $350 per day. Stover said she did work more than 10 hours per day.

When I asked her "why would someone say the work was done in September?" She said her work was done at the end of May. She did recall that others had to edit and do some re-shoots without her.

Conclusion:

According to Sonnenberg his work was done in the fall around September or later. Stover said her work was done in May. Based on Sonnenberg's statement a false invoice was submitted to the state for his work. For the total amount of fraud see Buckner's analysis.

Invoice #81: American Dream Gaffer Mentor.

This invoice had a billing date of July 11, 2007 to the NMFO. Someone changed it to June 30, 2007 for $2,126.25. The invoice indicates that this was for American Dream. There is a notation "Ok to pay" dated July 13, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000530284 dated June 29, 2007 in the amount of $7,255.83 to the IATSE 480.

May 28, 2008 interview with Leonard Hoffman:

During the interview Hoffman said he was contacted by Van Allen on all of the projects he worked on. He would also talk to Annie (Chastain). When I asked Hoffman how much he to be paid he said, "He said he was to be paid for at least 10 hours per day, and somewhere around $33 per hour." He said there was some arrangement for health and

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welfare (benefits).

When I asked Hoffman if he was aware of the contract between the union and the state; He said he was never told anything about it. I asked him if he heard that the state was paying $40 per hour for instruction; he said, "I never heard anything."

Hoffman was asked if there were any coordinators at the set from TMP. Hoffman said he usually did this himself. He went on to say that Van Allen did make contact with him on a few occasions. I asked Hoffman how many times she would call. He said over a period of a week between three and five conversations which lasted about 10 minutes each and a face-to-face meeting prior to the projects that went about 30 minutes.

When we went over the documents pertaining to this invoice, Hoffman said he did the work the amount of hours submitted. One of the documents is an invoice with his name on it. This invoice indicates he was paid $33 per hour and his benefits were already built into his total invoice of $1,550; however he was only paid $1,520. This amount was paid from a TMP check that included two other projects (10/11 and Banshee). For his position TMP invoiced and was paid by the state $1,600.

Conclusion:

Based on my interview and documentation, Hoffman had $80 due to him withheld by TMP until November 20, 2007. This was approximately four months after TMP was paid by the state and eleven days after I requested all documentation from the NMFO.

Invoice #82: 10/11 Gaffer Mentor.

This invoice had a billing date of July 11, 2007 to the NMFO. Someone changed it to June 30, 2007 for $2,126.25. The invoice indicates that this was for 10/11. There is a notation "Ok to pay" dated July 13, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000498733 dated June 29, 2007 in the amount of $7,255.83 to the IATSE 480.

May 28, 2008 interview with Leonard Hoffman:

During the interview Hoffman said he was contacted by Van Allen on all of the projects he worked on. He would also talk to Annie (Chastain). When I asked Hoffman how much he to be paid he said, "He said he was to be paid for at least 10 hours per day, and somewhere around $33 per hour." He said there was some arrangement for health and welfare (benefits).

When I asked Hoffman if he was aware of the contract between the union and the state; He said he was never told anything about it. I asked him if he heard that the state was paying $40 per hour for instruction; he said, "I never heard anything."

Hoffman was asked if there were any coordinators at the set from TMP. Hoffman said he

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usually did this himself. He went on to say that Van Allen did make contact with him on a few occasions. I asked Hoffman how many times she would call. He said over a period of a week between three and five conversations which lasted about 10 minutes each and a face-to-face meeting prior to the projects that went about 30 minutes.

When we went over the documents pertaining to this invoice, Hoffman said he did the work the amount of hours submitted. One of the documents is an invoice with his name on it. This invoice indicates he was paid $33 per hour and his benefits were already built into his total invoice of $1,900. For his position TMP invoiced and was paid by the state $2,000.

Conclusion:

Based on my interview and documentation, Hoffman had $100 due to him withheld by TMP until November 20, 2007. This was approximately four months after TMP was paid by the state and eleven days after I requested all documentation from the NMFO. The amount charged under facilitation ($2,000) can not be justified. Hoffman said during the projects, he spoke to Van Allen for about 1 ½ hours regarding the project.

Invoice #84: Banshee, Linda as in Beautiful & Hearts of Desire FTTP Project.

This invoice was billed to the NMFO on June 29, 2007 for $15,309.00. The invoice indicates that this was for Banshee, Linda as in Beautiful & the Hearts of Desire FTTP Project. There is a notation "Ok to pay" dated June 29, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000592581 dated September 11, 2007 in the amount of $41,041.94 to the IATSE 480.

On a copy of the invoice I obtained from the DFA (DFA-00204), A Lisa Ortiz certified that the items listed on the attached invoice we received and accepted by this agency on or before June 30, 2007. This person is also certifying that adequate cash and budget existed. There is also a signature and date of August 29, 2007 by the Chief Financial Officer. The first name of the CFO is Lisa and the last name is not discernable. A document (DFA-00203) from DFA shows that Financial Control received a voucher batch report for the payment of $15,309.00 on August 29, 2007, although a stamp affixed shows a received date of August 29, 2006.

May 28, 2008 interview with Leonard Hoffman:

During the interview Hoffman said he was contacted by Van Allen on all of the projects he worked on. He would also talk to Annie (Chastain). When I asked Hoffman how much he to be paid he said, "He said he was to be paid for at least 10 hours per day, and somewhere around $33 per hour." He said there was some arrangement for health and welfare (benefits).

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When I asked Hoffman if he was aware of the contract between the union and the state; He said he was never told anything about it. I asked him if he heard that the state was paying $40 per hour for instruction; he said, "I never heard anything."

Hoffman was asked if there were any coordinators at the set from TMP. Hoffman said he usually did this himself. He went on to say that Van Allen did make contact with him on a few occasions. I asked Hoffman how many times she would call. He said over a period of a week between three and five conversations which lasted about 10 minutes each and a face-to-face meeting prior to the projects that went about 30 minutes.

When we went over the documents pertaining to this invoice, Hoffman said he did the work the amount of hours submitted. One of the documents is an invoice with his name on it for the project Banshee. This invoice indicates he was paid $33 per hour and his benefits were already built into his total invoice of $1,900. For his position TMP invoiced and was paid by the state $2,000. According to documents obtained from Van Allen this event was shot in July 2007 therefore it was pre-billed.

When comparing the $2,000 billed to the state for his mentoring on Hearts of Desire we noted that he was to his check from TMP; we noted he was paid $800 more.

At the time of this interview I did not have a copy of a timesheet with his name on it. Subsequent review of the timesheet shows that Hoffman worked 70 hours on this project. The dates that on the timesheet go from August 20 through August 26 with a week ending date of August 26, 2007. The invoice to the state is dated June 29, 2007 with the work dates of June 18 through June 27, 2007. Two months prior to the work being done.

May 29, 2008 interview with Sara Bozik:

During the interview with Sara Bozik we discussed her involvement with the Hearts of Desire. Bozik said she was working in the make-up and hair department. She was training students on how to walk onto the stage and do make-up and hair.

Bozik said on the first day she had about four students and that by the end of the day she had one person. The others went to different departments. Bozik said the person she taught was Lincoln (last name unknown).

Bozik said she was to be paid between $32 and $33 per hour for 10 hours even though the days went longer. When asked if she received benefits she said no. There were no benefits because this was not a union show. Bozik said she had never heard of This Machine.

The first document we went over was the Crew Time Card. While looking at this document Bozik said she filled out her social security number, her guaranteed hours, the date, the times for each day.

When I brought to her attention that the total amount on this sheet was for $1,980 and a

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copy of what was paid to her (on this same document) showed an amount of $2,280. Bozik said there must have been a prep day. I asked her why the prep day was not on the timesheet. She said she did not know. She said she might have filled out her timesheet incorrectly.

Bozik was asked if the dates on the timecard (8/20 to 8/25) were correct. She said, "Yes." Bozik commented that she probably worked more than what was on the timesheet.

Next we looked at a series of documents that had the heading, "Daily Production Report." Bozik said that she would have had no reason to look at these. The production assistant (PA) or Assistant Director (AD) would take care of these reports. We went over the dates on the report. They were August 21, 2007 through August 27, 2007.

After reviewing these documents I asked Bozik if she ever saw invoice #84. She said she had not seen it. I alerted her to the date on the invoice (June 29, 2007). I asked her how the invoice can show (in June) that she was to be mentoring for 50 hours when the event hadn't happened until August. She was directed to look at the dates on the invoice associated with her name; June 18 through June 22. I asked her if these were the dates she was working. She responded, "No."

Bozik recalled being asked to work on this project maybe two weeks prior to it actually starting. Bozik could not explain how the state was billed for $2,000 for her mentoring in June.

Further review of the documentation submitted shows Bozik worked 60 hours, almost two months after the submittal of the invoice for payment. The invoice indicates that Bozik worked 50 hours.

Conclusion:

Based on the information obtained the state was pre-billed the $2,000 for all of the mentors on the Hearts of Desire and for Hoffman's position on Banshee. The NMFO approved this invoice and noted it was "OK to Pay," By Strout (NMFO Director) prior to any services being done. Lisa Ortiz certified that the items on the invoice were received on June 29, 2007. The CFO signs the invoice on August 29, 2007. Further interviews with Loren Haynes, the producer and writer corroborate that The Hearts of Desire was not filmed until August of 2007.

Further research of the other projects listed on this invoice indicates they were also billed in advance, creating a false voucher to the state. On the Banshee project Hoffman had $100 withheld from him for approximately two months. The one day mentor for Val Shubert on the Linda as in beautiful was actually a re-shoot which was done in July. See Buckner's Report (Haynes interview) and analysis.

Invoice #85: SFCC Music Video, Art Dept.

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This invoice had a billing date of July 11, 2007 to the NMFO. Someone changed it to June 30, 2007 for $3,003.33. The invoice indicates that this was for the SFCC Music Video. There is a notation "Ok to pay" dated July 13, 2007 signed by Lisa Strout (Director of the NMFO). The invoice was paid as a part of warrant number B 1000530284 dated July 30, 2007 in the amount of $7,255.83 to the IATSE 480.

May 27, 2008 interview with David Baca:

During the interview, Baca was asked if he recalled how he was approached to teach or work on a project. Baca recalled being asked by Van Allen to participate in a class at the Santa Fe Community College (SFCC). The school was doing a two or three day project and he was involved in with the Art Department.

I asked Baca if he filled out an invoice. He said, "Yes." When we went over invoice #85, I directed his attention to the description area which had his name with the dates, his position and then the unit price and total for $800. Baca said he couldn't be sure of the dates that he worked.

After showing him invoice #85 we went over supporting invoice. This one had his name on it (dated June 30, 2007) for Art Department mentor-SFCC PSA Shoot. Baca said he made the invoice. This invoice had two amounts for $330 the total of $660 was scratched out, underneath that someone handwrote "2 days benefits 100.00."

I asked Baca to explain what was going on in the invoice. Baca said that the handwriting for the "2 days benefits 100.00" was not his. Baca said he merely billed $330 for each of two days. Next we then went over a crew sheet that showed Baca working two 10 hour days. Baca was not sure of his hourly wage agreement. While going over this invoice I directed his attention to the bottom which shows copies of payouts to him. It shows he was paid $760 for the SFCC music video and $314 for the SF Fire Department (Invoice #86). Baca could not explain the differences in the amounts billed to the amounts paid and just accepted it.

I asked Baca if he knew that the states contract said it would pay the instructor $40 per hour which included travel time. He said "no." Baca could not explain why he did not receive the full $40 per hour.

<u>February 9, 2009</u>

On this date I received the documents requested from the SFCC and Eaves Ranch. The documents from SFCC does indicate that the SFFDFFF (invoice #86) event was on July 14, 2007 and that the PSA "Be Aware (this invoice), was done over a couple of periods (June 11, 2007 and June 23 through June 24, 2007).

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Conclusion:

Based on the interview and documents obtained, Baca was withheld $40 from his earned wages for almost four months. The invoice is a false voucher because the timesheets submitted by Baca shows that he worked two days. The first day he worked ten hours and the other he worked six hours. There is a note on Baca's timesheet that reads, "Guarantee 10 hours."

Svetlana Britt's timesheet also shows she worked for two days. The first day she worked for ten hours and the other she worked eight hours. On the invoice IATSE billed the state for 20 hours of work by both Baca and Britt. For the total amount of fraud see Buckner's analysis.

Invoice #86: SF Fire Dept. Family Fun Festival (SFFDFFF) & in class project.

This invoice was billed to the NMFO on June 29, 2007 for $1,387.38. The invoice indicates this was for the SF Fire Dept. Family Fun Festival and an in class project. There is a notation "Ok to pay" dated June 29, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000592581 dated September 11, 2007 in the amount of $41,041.94 to the IATSE 480.

May 27, 2008 interview with David Baca:

During the interview with Baca, he said he did also did work for TMP on the SF Fire Department Family Fun Festival and an in class project at the Eaves Ranch. After going over the invoice for the SFCC Music Video, Baca and I looked at another invoice (with his name on it dated July 14, 2007. In the center of the invoice it shows a description of Art department Mentor-SFCC Fireman on the Plaza. An amount of $330 is typed in, crossed out and a second amount of $317 was handwritten underneath.

While going over this invoice I directed his attention to the bottom which shows copies of payouts to him. It shows he was paid $760 for the SFCC music video and $314 for the SF Fire Department. Baca could not explain the differences in the amounts billed to the amounts paid and just accepted it.

Further documentation received from Van Allen shows a crew list with the Prep for the SFCC on July 13, the call time on the SF plaza on July 14, and the delivery of gear to SFCC on July 15. Another document from the NMFO dated July 13, 2007 (with Lisa Strout's signature) indicates that they were approved to use the Governor's film package and the use of FTTP students. This is approximately two weeks after the date of the invoice to the state. The dates within the description show the work being done on June 14, 2007.

As we discussed invoice #86; I brought his attention an entry in the description. It says "David Baca, 1 day mentor, in class project, 6/11/07." Baca said this was at Eaves Movie Ranch. I inquired as to why the invoice was dated August 11th and asked him if this is

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when the event happened. Baca said that the invoices I had came from this machine and they were not generated by him. He would get busy and call Lisa (Van Allen) and ask her to invoice it.

Baca said the Old West Shoot was familiar to him. When I asked Baca if this (the shoot) was done on August 11th. He said that makes sense to him.

When I referred Baca back to his invoice and the invoice to the state; I asked, How could the work be done in August "07" and the state was charged in June "07." Baca responded it could have happened in June.

When we went over the check made out to Baca for his work at Eaves Movie Ranch; He could not explain why he did not get paid for this until November 20, 2007. Next we went over two other checks, one for $6 and another for $40, made out to him on November 20, 2007.

February 4, 2008

I spoke with Thomas Wingate (at Eaves Movie Ranch) and Monique Anair (at SFCC). When I spoke Wingate I asked him if he recalled SFCC using the ranch to do some scouting. Wingate said he would have his records checked. Later this day Wingate's record keeper (Ricky Rey) at Omnisleep asked that I send a written request from our office. I agreed to send her a letter of request.

When I spoke to Anair I asked her for all invoices she had regarding Baca's work at SFCC. She said she would have the records checked and will send them to me once the documents were ready.

February 5, 2008

A letter of request to Omnisleep was sent in care of Ricky Rey. Later this day I spoke with Sandra Ducharme of SFCC. I asked her for documents on Svetlana Britt. Britt is also listed as doing work under this invoice and under invoice #85.

February 9, 2009

On this date I received the documents requested from the SFCC and Eaves Ranch. The documents from SFCC does indicate that the SFFDFFF (this invoice) event was on July 14, 2007 and that the PSA "Be Aware (invoice #85), was done over a couple of periods (June 11, 2007 and June 23 through June 24, 2007).

Conclusion: Redo

Based on the information I obtained during my interviews and follow-up investigation this invoice is a false voucher and Baca was withheld money due to him for about five months.

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The invoice is false because IATSE dated the invoice June 29, 2007 and sent it to the NMFO, where it is signed off on the same day by the Director (Lisa Strout) as "Ok to pay." When speaking with Monique Amir (SFCC) she indicates (as well as documents obtained during the investigation) that the SFFDFFF event did not occur until July 14, 2007.

If the invoice was true and correct, Baca would have been withheld amounts of $6 for work he previously did and was also paid $330 in November for work he did in June. The state was billed $400 for this work and paid to them in September 2007. In the spreadsheet provided by TMP it indicates that Baca was paid the remainder ($70) however the check associated to him was made out to a different person (Val Shubert).

Invoice #87: A Return Home, Additional Editing for Governor's Cup #1, the Microsoft Project & Governor's Cup #3.

This invoice was billed to the NMFO on June 29, 2007 for $19,561.50. The invoice indicates that this was for A Return Home, Additional Editing for Governor's Cup #1, and The Microsoft Project & Governor's Cup #3. There is a notation "Ok to pay" dated June 29, 2007 signed by Lisa Strout (Director of the NMFO) on the invoice. The invoice was paid as a part of warrant number B 1000592581 dated September 11, 2007 in the amount of $41,041.94 to the IATSE 480.

August 5, 2008 Interview with Dale Sonnenberg:

During the interview with Sonnenberg (see invoice #80) he said he had done some additional editing with Tommy (Governor's Cup #1). Sonnenberg said this happened sometime after his initial mentoring on this project. He recalled the initial work being done in the fall. Sonnenberg said he agreed to a flat rate and for this work he was contacted by someone in the film office.

August 11, 2008 Interview with Ramona Emerson:

During the interview with Emerson she said she had won the award for the Governor's cup to produce her short film "A Return Home." We went over the invoice submitted to the state, the Governor's cup application and a three page description of her story.

After reviewing all of the documents and speaking with Emerson, I was able to determine that the amount of hours attributed to Emerson and to Kelly Byers were supported.

As for Gabel's time Emerson said she was with her at the pre-production meeting which last no more than two hours. Gabel was not with her but she did make several calls to her while they were shooting. Gabel mentored her during the editing phase.

Van Allen told Emerson that her pay rate would be $500 per day. Emerson said she had to send an invoice to them, twice, in order to get paid. Emerson was not aware that the

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contract with the state placed the rate of mentoring at $40 per hour.

Conclusion:

Based on Sonnenberg's interview this event happened after the contract had expired on August 31, 2007 and could not have been charged in the invoice above dated June 29, 2007.

Some of the other items on this invoice were also found to be billed in advance and work never completed, thus making this a false voucher with fraud. Please see reports by Huegler, Buckner and his analysis for the total.

Not yet billed:

Fools Gold:

May 9, 2008 interview with Chris Espeset:

TMP indicated that this invoice was not yet billed to the state. The date of the invoice from Espeset is October 1, 2007. Espeset said that this event did happen. It was through the Santa Fe Community College. Note: TMP has attributed this invoice under facilitation. Per the contract, $50,000 of the $250,000 was to be for a coordinator. Further documentation on this project shows the dates worked were in September of 2007.

According to all payments and invoices from the state and TMP the $50,000 for facilitation was exhausted on June 29, 2007 and the contract expired at the end of August 2007.

Duke City Shootout:

May 10, 2008 interview with Frank Garcia:

This invoice was for the Duke City Shootout (DCS). TMP indicates this to be invoice #88 (dated July 1, 2007), which they attributed under facilitation. It should be noted that according to TMP's billings to the state, they exhausted all of the coordination/facilitation funds ($50,000) on June 29, 2007.

Garcia said that the shootout occurs in July and that he had just graduated from the FTTP. I showed Garcia that the invoice shows his name with an amount of $500 next to it. I asked him if he received $500 from the DCS. Garcia said he does not recall getting $500, but does remember getting a check that he thought was for the DCS. Garcia said he was surprised to get a check. On the DCS he worked as a Gaffer and also moving equipment.

May 13, 2008 interview with Jim Giesler:

This invoice was for the Duke City Shootout (DCS). TMP indicates this to be invoice

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#88 (dated July 1, 2007), which they billed under facilitation. It should be noted that according to TMP's billings to the state, they exhausted all of the coordination/facilitation funds ($50,000) on June 29, 2007.

Giesler said he was present at the DCS's many times. When asked what he did, he responded, craft service. Giesler said he was mentoring.

Conclusion:

During the interview with Van Allen she said these items were worked on at the request of the Film Office even though the $250,000 was already spent. The Film Office was anticipating an additional $50,000 authorization to cover these and other projects. Causing her to place these under not yet billed.

Facilitation Charges:

May 10, 2008 interview with Frank Garcia:

The following invoices were attributed to facilitation under spreadsheet #1 & #2. After my interview with Van Allen (April 1, 2008), some of these were removed from the facilitation charges when she submitted a third spreadsheet as validation of services rendered under this contract.

Garcia said Hendry was the person from TMP that contacted him for the jobs he worked on. Garcia said he has had a close relationship with Hendry since they first met. Some of the projects he worked on were for pay and some were not.

Invoice from Garcia

This invoice from Garcia was in the amount of $630. We went over the charges on the invoice and Garcia acknowledged this was for Governor Richardson's re-election campaign.

He said he started working for TMP filming the Governor during his campaign for re-election. He was not sure if this project was under the FTTP. Garcia said he was a student and working for TMP at the time of this and other projects. Sometimes he was paid and other times he was not.

He recalled filming the Governor in Santa Fe (on several occasions). In one case the Governor could not attend a conference due to a scheduling conflict. Garcia said they did a film presentation of the Governor and when the North Korean's delegation came to New Mexico. He also went all over the state during Richardson's campaign (for re-election). Hendry was with them during the one day they followed Richardson throughout the state.

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Invoice from Garcia

This invoice was for $1,185. Garcia said this invoice was a typical invoice he would submit. Garcia said that this invoice was related to several projects, one was a Student PA project. Garcia collected the names of FTTP students that the instructors from the colleges would recommend (for projects) to film producers. This project was Hendry's idea. The training class project was for asking union members what training they would like to have in the future (not FTTP students). The Q studio project was working with a studio to get fall protection for high rigging classes (not related to FTTP). The remaining were expenses he incurred.

Invoice from Garcia

This invoice was for $445. Garcia said this was an on-going project related to obtaining fall protection for high rigging classes. This class was attended by and for union members. It was not an FTTP related class.

Invoice from Garcia

This invoice was for $60. Garcia said this was an on-going project related to the Student PA project and training class project.

May 13, 2008 interview with Jim Giesler: Reimbursement for State Fair Parade Check

This check was listed under facilitation charges by TMP. The date of the check is October 6, 2006 and the words State Fair Parade are on the memo line. The check was made out to Giesler for $450. A note of the breakout of facilitation charges says, "Craft reimb (not spelled out)."

Giesler said he does recall being at the State Fair Parade and that he had an assistant. Looking at the check Giesler said he probably charged for a day and prep. There was no invoice for charges submitted by TMP regarding the check. It can not be determined if this payment was for expenses or time worked.

Interviews with NMFO Personnel

On October 28, 2008 our investigations unit went to the Economic Development Department and the New Mexico Film Office to conduct interviews and obtain hard drives from the computers used to conduct business of the Film Office. We obtained consent from Cabinet Secretary Fred Mondragon to secure the hard-drives of the following NMFO employees; Lisa Strout, Tobi Ives, Jodi Delaney, Jennifer Schwalenberg and Mateo Ulibarri.

Interviews were to be conducted on the following employees of the NMFO and the EDD

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by Agent Huegler, Tom Buckner and I (see reports for summary of interviews):

1. Lisa Strout
2. Tobi Ives
3. Jennifer Schwalenberg
4. Jodi Delaney
5. Mateo Ulibarri
6. Sharmaine Garcia
7. Lisa Ortiz
8. Alfonso Trujillo

After interviewing Lisa Strout and it was determined that Eric Witt of the Governor's Office needed to be included as a person to be interviewed.

October 28, 2008 interview with Jennifer Schwalenberg:

During the interview Schwalenberg said that she knows that the NMFO had a contract with Van Allen as a coordinator. Van Allen was in charge of the equipment that the schools would use and coordinate the films that the schools did.

Schwalenberg was asked if she had any involvement in the program. She said she began receiving the invoices from Van Allen for Strout. When she received the invoices by email Schwalenberg would print them for Strout to sign. She would then put into the inter-office mail and send them to her ASD.

I asked Schwalenberg if an invoice was ever denied and she was asked to get it fixed. Schwalenberg recalled a time that they had some difficulties when the new SHARE program was instituted (Beginning FY 2007). She recalled that invoices had to be dated the prior year (by Alfonso Trujillo). They could not be dated after July 1st or they would get paid.

Schwalenberg said they called Van Allen and told her that the invoices had to be dated prior to June 30. According to Schwalenberg, Van Allen resubmitted the invoices with the dates prior to June 30th. Strout signed the invoices and then they were paid. Schwalenberg said she thought it could have involved three invoices. Schwalenberg was asked if this occurred the next fiscal year. She said, "No, she thought that the contract had ended by then.

I asked Schwalenberg how she would know the work was done by just getting an invoice. She responded that this was not her responsibility. She was only responsible for receiving invoices.

Schwalenberg said she thought This Machine sent a copal of packets of the work performed (over time). When I asked her if she saw any of the documents she said, "She didn't open it but thought they were in a binder." According to Schwalenberg, Sharmaine (Garcia) would have all the documents.

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As we went over some invoices #16 and #83, Schwalenberg said there office was only asked to change invoices at the beginning of the SHARE program change. When looking at invoice #83 she said it looked like it was changed to be before the end of the fiscal year. When she was asked if she instructed to make changes, she said, "Nope, never again after that first time." She said SHARE was fine at this time. Schwalenberg responded similarly to invoice #86 and #87 as she did to #83.

October 28, 2008 interview with Tobi Ives:

During the interview, Ives said that she was a perimeter person regarding the FTTP program. Ives recalls going to speak at orientation for some of the programs and she helped develop some administrative guidelines for the approval process. After the guidelines were set she did not have much more to do with the FTTP.

These guidelines became standard in April of 2007 to handle the projects that the FTTP students were involved in. Ives went on to describe how the office would choose the projects based on the standards.

Ives said when she did have some interaction with the program it was to direct the interested people towards the IA (IATSE 480) and the coordinator (Lisa Van Allen). Ives understood that once a project was approved, a letter signed by Strout would be sent out.

Ives was asked if she had anything to do with the development of the contract between IATSE and EDD. She replied, "No." Ives was asked if she any involvement in awarding of the contract to IATSE. Again she replied, "No." She knew the contract was happening.

Ives is the contract monitor for the Film Crew Advancement Program (FCAP). Ives was asked, if a contract says a person is to be paid $40 per hour inclusive of gross receipts tax, travel and expenses, she (as the contract monitor) has to abide by that. Ives agreed.

When I asked Ives if (as a contract monitor) they should receive other documentation in support of an invoice for payment showing what was done. She responded she would assume so because she gets payroll reports on the FCAP.

We went through the following hypothetical situations and asked her to respond as if this was her contract:

1. Is it acceptable to charge the state any amount for mentoring, instruction or coordination that did not comply with the compensation section of the contract? Ives said that she would have to say no because the contract tells you what you have to go by.

2. If a mentor or coordinator submitted expenses such as fuel, benefits, kit rentals or lodging, would you have accepted it? Ives asked if this was inclusive of the

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instruction and I responded it was inclusive within the $40 per hour (rate).

I gave her the following example of a person does 10 hours of work and on top of that there were expenses for fuel, lodging, kit rentals and benefits and was paid $550 (instead of the $400 per the contract), would this be allowable? Ives agreed that only $400 should have been paid.

3. Ives was asked if it would be acceptable to charge the state for mentoring or instruction that did not comply with the scope of work under the contract. After Ives reviewed the terminology of the contract she said anything outside the scope would not be allowable.

 Ives was asked if she would pay something outside of the contract she oversees (FCAP). Ives said she references the guidelines of the contract.

4. The mentor, instructor or coordinator is to be paid at $40 per hour would she allow a flat rate? Ives said in certain circumstances she has billings that show 40 hours but the person actually worked more. We followed up with the example if a person submits a 10 hour flat and it is found they only worked 8 hours. Would this be allowable? Ives responded, "No."

5. Would it be acceptable to bill the state in advance of a project being completed? Ives responded, "No, I have always understood you can not pay anything in advance.

6. If a person who was listed as mentoring (on an invoice) had no clue they were a mentor, would she allow that to be paid. Ives said she doesn't know if this would be allowable. If the person working has been contacted by the coordinator to do work they should know they are mentoring. She could see that a person might not know it was an FTTP project but there should be someone they are mentoring.

7. Would it be acceptable for the state to pay for work done prior to the contract? Ives said not if the invoice or work is dated prior to it.

8. Would it be acceptable to pay for work done after the expiration of the contract? Ives responded that in the case they would have to go through an amendment process.

 Ives was asked if she knew if there was an amendment process for this contract. She said she knew that contract was for less money than what was supposed to be allocated. The office tried to get the rest of the money, but to her knowledge they have not received it.

9. Would it ever be acceptable to bill the state for work not done? She responded, "No, you have to have work done."

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After this we went over invoice #84. Ives said she was not familiar with Banshee but remembered Hearts of Desire. She recognized Lisa Strout signature and Alfonso Trujillo's initials on the invoice. She could not comment why Lisa Ortiz's certification has two dates.

Next we discussed a letter from the NMFO (dated July 26, 2007) advising Loren Haynes that his project had been accepted. Ives was asked how the invoice could be submitted to the state in June. She said, "It seems like that's an issue." Ives said she would not have seen the invoice and doesn't know how this occurred. When asked if this occurred on her contracts. She replied, "No."

November 21, 2008 interview with Sharmaine Garcia:

During the interview Garcia her duties include overseeing the office, supervising the secretaries and the office manager, approving the paying of bills. She is in charge of some contracts (Chamberlain research, Brian Rembrandt, Chris Klientz). She said she was not involved with the FTTP contract.

Garcia recalled that the NMFO was trying to get an amendment to the (FTTP) contract to extend the termination date. She was asked by Strout to extend the contract termination date with IATSE.

I asked Garcia if she ever received invoices from the FTTP contract, Garcia said "no." She would only receive invoices for the contracts that she was responsible for as the contract monitor. Garcia explained that she would oversee the bills for the running of the office would. When I asked Garcia if she had ever seen a book with invoices from TMP, she said, "No."

I asked Garcia to explain what an individual sends to her so they could get paid. Garcia said they send the invoice and the back-up that goes with it according to the deliverables.

Garcia was asked if she was sent just an invoice with an amount, would she approve this. She said, "No," and that she would request back-up showing what they did.

I asked Garcia how she knew to ask for the back-up. Garcia said Alfonso (Trujillo) from her ASD advised her to be clear on what they have through the deliverables. I asked Garcia if they had any policy and procedures telling them what they needed. She was not sure.

We went through the following hypothetical situations and asked her to respond as if this was her contract:

1. Is it acceptable to charge the state any amount for mentoring, instruction or coordination that did not comply with the compensation section of the contract? Garcia responded, "No."

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2. If a mentor or coordinator submitted expenses such as fuel, benefits, kit rentals or lodging, would you have accepted it? Garcia responded, "No, the state does not allow it."

3. Garcia was asked if she compares the invoice to the contract. She responded, "Yes, definitely."

4. The mentor, instructor or coordinator is to be paid at $40 per hour would she allow a flat rate? Garcia responded it could be allowable if it is in the deliverables. I followed up asking if it was not in the deliverables. She responded, "No, I would not do that." Garcia thought some more and said it could happen but if it was her contract she would not allow it.

5. I asked Garcia if the contract says the $40 per hour rate includes taxes how she would perceive it. I gave her the example of someone working 20 hours. After discussing the contract with Garcia she said only $800. I asked if anything above this would be allowable. She said, "No."

6. Garcia was asked if she would accept an invoice that shows only one hour of work for $1,000. She said, "No not if the contract says $40." She would require more information regarding the $1,000.

7. Would it be allowable (to submit an invoice) for payment when any activities did not include the students. She said, no because of the contract.

8. Would it be acceptable to bill the state in advance of a project being completed? She said, "No, it's got to be completed."

9. If a person who was listed as mentoring (on an invoice) had no clue they were a mentor, would she allow that to be paid. Garcia said, she doesn't know how she would know this. She was asked if she knew, would she allow it. She said, "No, that's not the program."

10. If the mentor is listed as mentoring students, and the mentor is also a student would she allow this to go through? She said, "No, why are you teaching someone else when your trying to learn it."

11. Would it be acceptable for the state to pay for a mentor when they had minimal or no experience in the industry? She said, "No."

12. Would it be acceptable for the state to pay for work, prior to it being done? She said, "No."

13. Would it be acceptable to pay for work done after the expiration of the contract? She said, "No."

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January 28, 2009 Interview with Eliot Stenzil:

During the interview Stenzil said he had been contacted by a previous NMFO employee (Christopher Lee) and was asked to conduct audit reviews. He estimates that he has conducted 20 audits for the NMFO. Stenzil commented that this (the FTTP) was not what he normally was asked to do by the NMFO. Stenzil's engagement with the NMFO was strictly conducted audits for the Film Crew Advancement Program (FCAP). The audit he did on the FTTP was the only one he did outside of FCAP.

When Stenzil was asked, who in the NMFO contacted him for the audit; He responded, "Tobi Ives." Stenzil was asked to discuss what he was asked to do. Stenzil said the discussions were minimal. He described the conversation as "This is what we have, take a look at it." Stenzil was asked to look at a file of documents.

Stenzil was asked who he spoke to while conducting the audit. Stenzil said he spoke with Ives and Lisa Van Allen. When Stenzil was asked how much he was paid, he said his contract for payment with the NMFO was $1,000. Stenzil went on to say he was contacted around December 2007 and started the audit in January 2008.

Stenzil was asked if he given a reason why the audit was needed. Stenzil replied, "I don't think they gave me a reason." We inquired, if he was not given a reason for the audit; how would he understand what he should do. Stenzil's reply was he was asked to look at this and he used default concepts. He looked at economy, efficiency and effectiveness as an objective. What did the contract say and what was the result of the work done on the contract.

When we discussed the contract IATSE 480 had with the NMFO we looked at the compensation area of the contract. I asked Stenzil what his interpretation was of the rate per hour ($40) and that it states that it is inclusive of gross receipts tax (GRT), travel and any other expenses. Stenzil said whoever receives the $40 per hour needs to absorb the GRT, travel and incidentals. Stenzil said he was never able to evaluate the $40 per hour because the records were insufficient. He said the file was not put together to where he felt fully supported the reimbursements and that the terms of the contract had not been satisfactorily met.

Stenzil was asked if he had any conversation with Van Allen. Stenzil said, "Yes, mostly by email." Stenzil was asked if she ever provided him with any hours that she worked. He responded "it was tough." He doesn't know if she understood, he would ask for certain things and they never really came forward to where he could complete his evaluation. Stenzil recalled mentioning to the NMFO (in his final) report that they needed to structure their controls over this program, better than they had. He was not able to evaluate the costs to his satisfaction for facilitation and benefits expense. Stenzil said he was only comfortable in saying that the state expended over $240,000 on this program.

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Stenzil was asked about the changes that we made to the final report compared to the previous drafts and if he was asked to remove or add something. He said, "Yes, I would say in probably so many words."

His first draft was in January 11th. Stenzil said on this report he was trying to get his thoughts together. This was at the very onset of the audit and he was trying to organize his thinking. The second draft was on March 14th. Stenzil said this one was more mature in terms of the things he looked at.

Stenzil attention was directed to the bottom of a March 1st email. He was asked if Van Allen wanted him to place this information into the report. Stenzil said, "No, she did not. What she wanted was something in the audit report." Stenzil went on to say he felt that some of the discussion became manipulative. He felt someone wanted him to put a statement in the report that he was not prepared to make.

When Stenzil was asked for his opinion about what he has seen; He said that he thought the contract was poorly written and poorly executed. By execution he meant the accounting aspect. The ability to reconcile the costs data and support to the terms and conditions of the contract were poorly put together, lacked consistency and lacked enough underlying information for him to be satisfied that there was some value from money spent.

Towards the end of the interview we discussed our concerns that he had not reported obvious problems within the billings and supporting documents of this contract. Stenzil was asked again if he was instructed to say things or not to do things (in his report). Stenzil said that nobody asked him to change anything.

When I attempted to end our interview, Eliot asked a few questions and then said he wanted to clarify what he thought happened between the March 14th draft and the final draft. On the pages with the quote from the email, he recalls removing this because of a discussion with the film office. He said the Film Office (Ives) felt it was not relevant. The email was already on the record with both he and Tobi (Ives) it was removed.

This case will be forwarded to the Prosecutions Division for review and determination whether criminal charges should be filed.

[X] Active **[] Inactive** **[] Closed**

Reporting Agent: Richard Pickup **Date:** 03-04-2009

Case Agent: Richard Pickup **Date:** 03-04-2009

Supervisor: _____ **Date:** 3-7-2009

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